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STATE FOR AF/EPS AND AF/W

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TAGS: [EAID](#) [KMCA](#) [PREL](#) [ECON](#) [SG](#)  
SUBJECT: WADE INFORMS AND MISINFORMS ON MCC

REF: A. DAKAR 1988

[1B](#). DAKAR 1530  
[1C](#). Dakar 1508 AND PREVIOUS

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[11](#). (SBU) SUMMARY: Senegalese President Abdoulaye Wade has publicly confirmed that his government will not pursue a Millennium Challenge Corporation (MCC) compact to help with Dakar's toll road project. Having previously lost the opportunity for MCC funding of a new industrial platform because of his administration's preference for a privately-funded "special economic zone," Wade claimed that he "never liked" nor "understood" his country's original compact proposal for the Diamniadio Industrial Platform. Wade told an audience of press, GOS officials, and diplomats that the MCC was still holding money for Senegal, and he charged his government to pursue a new compact proposal for a coal-fired power plant and a not-yet-defined "cyber-city." Wade complained about the "slowness" of development assistance by the U.S. and other western donors. Senegal is increasingly pursing non-transparent deals with other countries that could cause long-term economic difficulties. END SUMMARY.

"NO MCC FOR THE TOLL ROAD; NEVER LIKED THE PLATFORM"

[12](#). (SBU) During an October 1 press conference to recount his September 23-28 activities at the UN General Assembly and other U.S. events (Ref A), President Wade confirmed that he did not want the Millennium Challenge Corporation (MCC) to participate in Senegal's on-going Dakar toll road project. While we were expecting to hear from the GOS that it was unwilling to accept the criteria outlined by the MCC for its participation in the toll road (Ref B), President Wade's public statement was a surprise. It was immediately picked up in the press and public commentary that the Wade administration has, over the past few months, turned its back on possible MCC grants for two major economic development projects, having first undermined its own original MCC compact proposal, the Diamniadio Industrial Platform (Ref C).

[13](#). (SBU) Wade told the gathering, "the Americans are very slow in implementing our projects; that's why I said no not only to the Diamniadio Compact, but I also said no to the toll highway." He also downplayed the role of the World Bank in the toll road project. [Note: We understand that Wade told MCC officials that he would "ask China" to finance the project. End note.] In an odd exchange on the Diamniadio Platform, Wade claimed that he "never liked" the Diamniadio idea, adding, "I am not able to tell you what the project is really about."

"THE MONEY IS THERE" FOR POWER PLANT AND CYBER-CITY

[14](#). (SBU) We understand that on September 28, President Wade met in

Washington with MCC CEO John Danilovich and other MCC officials, who told Wade that Senegal remains eligible for compact consideration, and explained the realities of MCC compact proposal assessment and funding requirements. This included the fact that the MCC has not submitted a budget request for a compact with Senegal. Nevertheless, during his October 1 press conference, Wade claimed that "Senegal still keeps the money that was dedicated to the [Diamniadio project]," although he noted that MCC has to go to Congress to request funding for the project and he expressed concern that Senegal may not receive funding if the Democrats win the next elections.

**¶15.** (SBU) Wade told the audience (as, we believe, he told the MCC) that he desires a compact to fund a new 300-400 MW coal-fired power plant for rural electrification. He also raised the idea of MCC money to support an ill-defined scheme to create a "cyber-city" in Dakar with links to "cyber-huts" throughout Senegal. In front of the audience of press, officials, and diplomats, Wade instructed the Prime Minister to hire an international consultancy group to do feasibility study of these projects.

MORE BIG IDEAS

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**¶16.** (U) Never one to think conventionally, at the press conference, and reportedly at his various Washington engagements, Wade shared some new grand visions for Senegal and Africa, including:

- a program to import 200 million cheap or used computers to Africa over the next five years;
- new economic links between Africa and African-Americans and African Diaspora;
- the planting of a "Great Green Wall" between Dakar and Djibouti to stem the southern encroachment of the Sahara; and
- a reorganization and refocus for NEPAD, including a call for a NEPAD summit in Dakar in November.

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COMMENT: PRIVATE DEALS, NOT VALUE FOR MONEY

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**¶17.** (SBU) President Wade is undoubtedly frustrated that Senegal has not yet signed an MCC compact, while a number of countries in the region have done so. However, his vision of an MCC compact is a long way from being realized. On a positive note, he apparently understands the importance of presenting the MCC with a well-conceived and researched proposal. It is unfortunate, therefore, that the GOS did not follow the MCC and Embassy's advice and keep together its implementing agency for the Diamniadio Platform, which we explained had proven its technical, operational, and management expertise at a very high level.

**¶18.** (SBU) On the Platform, Wade is not being entirely genuine, or perhaps he's a bit forgetful, since for the past two "state of the nation" speeches he has highlighted the Diamniadio project as a cornerstone of the country's effort to improve economic performance and create jobs. In fact, the idea of a major industrial park outside of Dakar to encourage economic growth and decongest the capital has been floating around since the beginning of his Presidency, and Wade has asserted publicly that he has discussed the project with President Bush. After the considerable public and opposition outcry at the GOS choice of Jafza International over the MCC for the industrial zone, President Wade is undoubtedly using his considerable communications skills in the hopes of swaying public perception to accept that the problem rests with the U.S. side.

**¶19.** (SBU) It may be that his closest advisors on the matter, Foreign Minister Cheikh Tidiane Gadio and Senegal's Ambassador to the United States, Dr. Lamine Ba, have not fully explained MCC's proposal assessment requirements or the manner that MCC disburses money, but President Wade would appear to still believe there is a political negotiation involved that can speed up the process. We are not convinced that Senegal will offer a new, well-considered proposal in a timely manner, nor present a comprehensive plan for fulfilling its

role as an open and effective partner.

**¶10.** (SBU) Over the past couple of years Senegal has increasingly approached its development agenda in a manner that is contrary to MCC, USAID, World Bank, and most European donor standards by seeking privately negotiated, non-transparent agreements with government and private partners (including from China, Iran, Libya, Saudi Arabia, Kuwait, and the UAE), who allow the GOS to select the local implementing company or agency (generally with ties to Wade's inner-circle), and achieve relatively quick launches.

**¶11.** (SBU) The down side, as its history with MCC illustrates, is that Wade's government is clearly not getting the best value for its money and is perhaps putting at risk Senegal's economic future. We are concerned that the work on the toll road and other projects are of poor quality, and without proper concern for environmental or social impacts. Also, most of Senegal's "new" partners are offering concessional loans, not grants, adding to worries about Senegal's debt sustainability less than three years after achieving HIPC, bilateral, and multilateral debt relief. Also of concern, many of these projects are reportedly not transferring their funds immediately, and despite a serious budget deficit, and worse current accounts deficit, Senegal's treasury is dispensing funds to keep the projects moving, in the hope of being repaid in the future.

**¶12.** (SBU) Visit Embassy Dakar's intranet site at:  
<http://dakar.state.gov/htdocs/section/econsec tion.aspx> and Embassy Dakar's SIPRNET Web site at <http://www.state.sgov.gov/p/af/dakar>.

PIAZZA